

# TRENDS

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## **Prescription Drug Costs Continue to Rise**

By any means of analysis, prescription drug costs continue to have an enormous impact on health plans across the nation. The impact of prescription drug trends has been felt by the State Health Plan (SHP) as well.

In this article, drug cost growth is examined from 1996 to 1998. Data included here is presented on an "incurred" basis, relating to the date of service. Data from 1998 is only now available for complete review. Insureds were able to file 1998 drug claims through the end of 1999. Even then, not all claims were filed under the old system. Effective January 1, 2000, the SHP will be able to analyze claims on a "real-time" basis. Because there is no longer a lag

between incurral and filing, claims data is captured at the time the prescription is actually filled.

The SHP Prescription Drug Program is designed to provide participants discounted prescription drug prices through a network of Plan pharmacies. The Plan's extensive network includes many chain pharmacies along with smaller independent pharmacies. Merck-Medco Managed Care is the Plan's Pharmacy Benefits Manager (PBM).

### **Frequency**

SHP members filed claims for 3.06 million prescriptions with a

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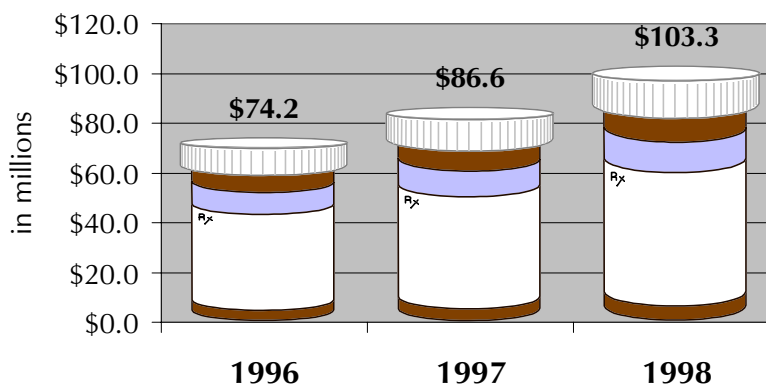
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## **State Health Plan Prescription Drug Allowable Charge Trends: 1996 - 1998**



## Prescriptions

*Continued from Page 1*

1998 date of service, a 10.7 percent increase from the 2.76 million filled in 1997. This percentage growth in prescriptions

filled exceeded the 7.4 percent increase from 1996 to 1997.

From a national perspective, the SHP's prescription drug volume growth was consistent with observed trends. According to the National Association of

Chain Drug Stores, the number of retail prescriptions dispensed annually increased 23 percent from 1992 to 1997. The trend continued in 1998 as 2.73 billion retail prescriptions were filled, up

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### 1998 State Health Plan Top 10 Prescription Drugs By Frequency

SHP Rank	Drug Name	Therapeutic Class	Total Rxs	Allowable Charges	Allowable per Rx	% Total Rxs	%Total Allowable
1	Premarin	Estrogens	81,867	\$2,077,215	\$25.37	2.7%	2.0%
2	Synthroid	Thyroid Agents	54,596	\$765,499	\$14.02	1.8%	0.7%
3	Norvasc	Cardiac Drugs	43,140	\$1,959,510	\$45.42	1.4%	1.9%
4	Lipitor	Antilipemic Agents	39,738	\$2,465,545	\$62.05	1.3%	2.4%
5	Prozac	Antidepressants	37,464	\$2,874,458	\$76.73	1.2%	2.8%
6	Prempro	Estrogens	36,757	\$921,108	\$25.06	1.2%	0.9%
7	Prilosec	Miscellaneous Gi Drugs	33,883	\$3,312,096	\$97.75	1.1%	3.2%
8	Claritin	Antihistamine Drugs	33,094	\$1,767,709	\$53.41	1.1%	1.7%
9	Glucophage	Misc. Antidiabetic Agents	31,871	\$1,262,106	\$39.60	1.0%	1.2%
10	Hydrocodone W/Acetaminophen	Opiate Agonists	29,631	\$238,840	\$8.06	1.0%	0.2%
Total for Top 10			422,041	\$17,644,087	\$41.81	13.8%	17.1%
<b>Total For All Prescriptions</b>			<b>3,056,930</b>	<b>\$103,272,007</b>	<b>\$33.78</b>		

### 1998 State Health Plan Top 25 Prescription Drugs By Allowable Charges

SHP Rank	Drug Name	Therapeutic Class	Total Rxs	Allowable Charges	Allowable per Rx	% Total Rxs	%Total Allowable
1	Prilosec	Miscellaneous GI Drugs	33,883	\$3,312,096	\$97.75	1.1%	3.2%
2	Prozac	Antidepressants	37,464	\$2,874,458	\$76.73	1.2%	2.8%
3	Lipitor	Antilipemic Agents	39,738	\$2,465,545	\$62.05	1.3%	2.4%
4	Premarin	Estrogens	81,867	\$2,077,215	\$25.37	2.7%	2.0%
5	Norvasc	Cardiac Drugs	43,140	\$1,959,510	\$45.42	1.4%	1.9%
6	Zocor	Antilipemic Agents	24,219	\$1,955,287	\$80.73	0.8%	1.9%
7	Zoloft	Antidepressants	29,254	\$1,775,307	\$60.69	1.0%	1.7%
8	Claritin	Antihistamine Drugs	33,094	\$1,767,709	\$53.41	1.1%	1.7%
9	Prevacid	Miscellaneous Gi Drugs	18,056	\$1,597,261	\$88.46	0.6%	1.5%
10	Pravachol	Antilipemic Agents	21,435	\$1,452,274	\$67.75	0.7%	1.4%
11	Paxil	Antidepressants	24,066	\$1,427,385	\$59.31	0.8%	1.4%
12	Glucophage	Miscellaneous Antidiabetic Agents	31,871	\$1,262,106	\$39.60	1.0%	1.2%
13	Procardia XL	Cardiac Drugs	20,372	\$1,081,363	\$53.08	0.7%	1.0%
14	Vasotec	Cardiac Drugs	23,216	\$1,032,819	\$44.49	0.8%	1.0%
15	Cardizem Cd	Cardiac Drugs	19,293	\$992,800	\$51.46	0.6%	1.0%
16	Prempro	Estrogens	36,757	\$921,108	\$25.06	1.2%	0.9%
17	Zithromax	Macrolides	26,842	\$917,817	\$34.19	0.9%	0.9%
18	Rezulin	Miscellaneous Antidiabetic Agents	8,057	\$860,906	\$106.85	0.3%	0.8%
19	Fosamax	Unclassified Therapeutic Agents	15,181	\$847,468	\$55.82	0.5%	0.8%
20	Zyrtec	Antihistamine Drugs	19,124	\$831,036	\$43.46	0.6%	0.8%
21	Augmentin	Penicillins	14,625	\$816,857	\$55.85	0.5%	0.8%
22	Synthroid	Thyroid Agents	54,596	\$765,499	\$14.02	1.8%	0.7%
23	Hytrin	Hypotensive Agents	15,001	\$751,114	\$50.07	0.5%	0.7%
24	Relafen	Nonsteroidal Anti-Inflammatory Agents	12,767	\$746,275	\$58.45	0.4%	0.7%
25	Imitrex	Misc. Central Nervous System Agents	7,847	\$740,838	\$94.41	0.3%	0.7%
Total for Top 10			691,765	\$35,232,055	\$50.93	22.6%	34.1%
<b>Total For All Prescriptions</b>			<b>3,056,930</b>	<b>\$103,272,007</b>	<b>\$33.78</b>		

## Prescriptions

*Continued from Page 2*

### 1998 Fastest Growing Drugs by SHP Market Share

Drug Name	Therapeutic Class	98 Allowable Charges	1998 Share	Share Growth
Lipitor	Antilipemic Agent	\$2,465,545	2.39%	1.45%
Prevacid	Miscellaneous GI Drugs	\$1,597,261	1.55%	0.47%
Rezulin	Miscellaneous Antidiabetic Agents	\$860,906	0.83%	0.46%
Prilosec	Miscellaneous GI Drugs	\$3,312,096	3.21%	0.45%
Ranitidine Hcl	Miscellaneous GI Drugs	\$557,361	0.54%	0.32%
Effexor Xr	Antidepressants	\$285,924	0.28%	0.27%
Glucophage	Miscellaneous Antidiabetic Agents	\$1,262,106	1.22%	0.26%
Wellbutrin Sr	Antidepressants	\$431,014	0.42%	0.25%
Clorazepate Dipotassium	Benzodiazepines	\$312,760	0.30%	0.25%
Viagra	Vasodilating Agents	\$240,477	0.23%	0.23%

from 2.62 billion in 1997.

Many of the conditions in which prescriptions are given have a variety of drugs available for treatment. The frequency that a drug is prescribed usually is indicative of the drug's effectiveness and popularity among physicians and insureds. The top ten drugs prescribed to SHP insureds in 1998 made up 13.8 percent of total drug prescriptions under the State Health Plan. These drugs comprised 17.1 percent of the Plan's allowable charges for prescription drugs. Their average allowable charge per prescription was \$41.81 while the remaining 1998 prescription drugs had an allowable charge average of \$32.50 per prescription.

As was the case in 1997, Premarin was the most frequently prescribed drug for the State Health Plan in 1998. It is used to treat menopausal symptoms and as a therapy for women with inadequate estrogen production. Premarin's 81,867 prescriptions in 1998 (2.7 percent of total prescriptions filled) totaled \$2.1

million in allowable charges with an average charge of \$25.37 per prescription. In 1998, Premarin

prescriptions grew by 10.6 percent from the 74,054 prescriptions filled in 1997. That growth rate more than doubled the 4 percent growth in Premarin prescriptions in 1997 from the 71,189 filled in 1996.

Synthroid remained the second most frequently prescribed drug in 1998 with 54,596 prescriptions (1.8 percent of total prescriptions filled) and an average allowable charge of \$14.02 per prescription. It is primarily used to treat hypothyroidism, a condition caused by an inadequate supply of hormones from the thyroid gland. Some of the symptoms of hypothyroidism are a lack of energy, abnormal sensitivity to cold, and weight gain. Synthroid prescriptions increased by 10 percent in 1998 after posting 49,629 prescriptions filled in 1997. In 1997, Synthroid prescriptions were up 8.8 percent from the 45,623 posted in 1996.

Norvasc, the third most prescribed drug to SHP insureds in 1998, saw a 17.5 percent increase in its prescription frequency. The drug is a calcium blocker indicated for the treat-

ment of hypertension, chronic stable angina, and vasospastic angina. In 1998, Norvasc prescriptions totaled 43,140 (1.4 percent of total prescriptions filled), with an average allowable charge of \$45.42 per prescription. In 1997, Norvasc prescriptions totaled 36,700, a 29.8 percent increase from 28,278 prescriptions filled in 1996.

### Allowable Charges

An allowable charge is the amount the State Health Plan allows for a claim before deductible and coinsurance liabilities are met.

While total SHP prescriptions filled increased by 10.7 percent from 1997 to 1998, the Plan had \$103.3 million in allowable charges, up 19 percent from \$86.6 million in 1998. The average allowable charge of \$33.78 per prescription in 1998 was up 7.6 percent from \$31.38 in 1997.

Prilosec comprised the largest percentage of 1998 allowable charges with \$3.3 million (3.2 percent of total drug allowable charges). This represents a 38.7 percent increase in allowable charges from \$2.4 million in 1997. The drug is primarily used to treat ulcers. Prilosec, with 33,883 prescriptions in 1998, had an allowable charge per prescription average of \$97.75.

Prozac ranked second in 1998 SHP drug allowable charges with \$2.9 million, a 20.4 percent increase from \$2.4 million in 1997. This antidepressant is used

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## Prescriptions

*Continued from Page 3*

lead share growth in 1998 by adding another 1.45 percentage points to its share of SHP drug

\$1.6 million. Prevacid had an average allowable charge per prescription of \$88.46 in 1998, with 18,056 prescriptions filled.

### 1998 SHP Prescription Drug Top 10 Therapeutic Category by Allowable Charges

Therapeutic Class Description	Total Rxs	Allowable Charges	Allowable per Rx	% of Total Rx	% of Allowable
Cardiac Drugs	366,273	\$11,801,696	\$32.22	12.0%	11.4%
Miscellaneous GI Drugs	115,464	\$8,459,715	\$73.27	3.8%	8.2%
Antidepressants	172,907	\$8,338,073	\$48.22	5.7%	8.1%
Antilipemic Agents	112,405	\$7,070,219	\$62.90	3.7%	6.8%
Hypotensive Agents	149,670	\$4,953,390	\$33.10	4.9%	4.8%
Antihistamine Drugs	119,857	\$4,576,446	\$38.18	3.9%	4.4%
Estrogens	171,828	\$4,242,473	\$24.69	5.6%	4.1%
Unclassified Therapeutic Agents	57,496	\$3,817,972	\$66.40	1.9%	3.7%
Nonsteroidal Anti-Inflammatory Agents	99,905	\$3,729,126	\$37.33	3.3%	3.6%
Anti-Inflammatory Agents	73,647	\$2,249,682	\$30.55	2.4%	2.2%
Total for Top 10	1,439,452	\$59,238,792	\$41.15	47.1%	57.4%
<b>Grand Total</b>	<b>3,056,930</b>	<b>\$103,272,007</b>	<b>\$33.78</b>		

to treat depression, obsessive-compulsive disorder, and bulimia nervosa. With 37,464 prescriptions filled in 1998, Prozac ranked fifth in terms of frequency with an average allowable charge per prescription of \$76.73.

Lipitor, a cholesterol-reducing drug, ranked third in 1998 SHP allowable charges. In 1998, Lipitor had total allowable charges of \$2.5 million (2.4 percent of total drug allowable charges). Lipitor's average allowable charge per prescription in 1998 was \$62.05. The drug ranked fourth in terms of prescription frequency in 1998.

allowable charges. In 1998, Lipitor accounted for 2.39 percent of SHP drug allowable charges, up from 0.93 percent in 1997.

Prevacid ranked second in share growth by increasing its share of SHP drug allowable charges 0.47 percentage points. The drug is primarily used to treat ulcers. In 1997, Prevacid made up 1.07 percent of plan drug allowable charges. By the end of 1998, its share of annual drug allowable charges had risen to 1.55 percent for the year. The drug's allowable charges totaled

filled, and \$59.2 million (57.4 percent) of total drug allowable charges.

The top ten therapeutic categories by frequency comprised 51.2 percent (1.6 million) of the total number of prescriptions with 53.3 percent, or \$55 million, of total drug allowable charges. Seven of these top ten therapeutic categories by frequency were also in the top 10 ranked by drug allowable charges.

The *Cardiac Drugs* therapeutic

**See PRESCRIPTIONS on Page 5**

## Drug Growth

In all, prescription drugs increased their share of SHP allowable charges in 1998 by 1.6 percentage points. The drugs with the fastest growth in SHP prescription drug market share were determined in our analysis.

Lipitor continued to

### 1998 SHP Prescription Drug Top 10 Therapeutic Category by Frequency

Therapeutic Class Description	Total Rxs	Allowable Charges	Allowable per Rx	% of Total Rx	% of Allowable
Cardiac Drugs	366,273	\$11,801,696	\$32.22	12.0%	11.4%
Antidepressants	172,907	\$8,338,073	\$48.22	5.7%	8.1%
Estrogens	171,828	\$4,242,473	\$24.69	5.6%	4.1%
Hypotensive Agents	149,670	\$4,953,390	\$33.10	4.9%	4.8%
Diuretics	125,984	\$1,268,647	\$10.07	4.1%	1.2%
Opiate Agonists	125,899	\$2,167,113	\$17.21	4.1%	2.1%
Antihistamine Drugs	119,857	\$4,576,446	\$38.18	3.9%	4.4%
Miscellaneous GI Drugs	115,464	\$8,459,715	\$73.27	3.8%	8.2%
Antilipemic Agents	112,405	\$7,070,219	\$62.90	3.7%	6.8%
Benzodiazepines	104,701	\$2,126,458	\$20.31	3.4%	2.1%
Total for Top 10	1,564,988	\$55,004,228	\$35.15	51.2%	53.3%
<b>Grand Total</b>	<b>3,056,930</b>	<b>\$103,272,007</b>	<b>\$33.78</b>		



## Prescriptions

*Continued from Page 4*

category ranked first in both drug frequency and drug allowable charges. *Cardiac Drugs* represented 11.4 percent (\$11.8 million) of total drug allowable charges and accounted for 12 percent of total 1998 prescriptions filled. These drugs had an average allowable charge per prescription of \$32.22.

Prescriptions for *Cardiac Drugs* have increased by 7.2 percent since 1997. In 1997, 341,806 prescriptions were filled for *Cardiac Drugs*. This number climbed to 366,273 prescriptions filled in 1998.

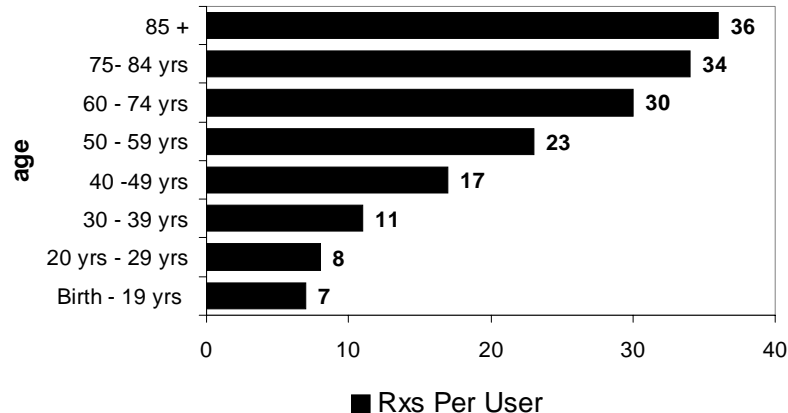
The *Miscellaneous GI Drugs* therapeutic category ranked second in 1998 allowable charges and eighth in total prescriptions by frequency. The category composed 8.2 percent of total drug allowable charges and 3.8 percent of total prescriptions filled in 1998.

*Miscellaneous GI Drugs* plan allowable charges grew from \$5.8 million (\$70.47 average per prescription) in 1997 to \$8.5 million (\$73.27 average per prescription) in 1998.

*Miscellaneous GI Drugs* prescriptions rose by 11.6 percent in 1998. In 1997, there were 103,498 prescriptions filled for this therapeutic category. This number grew to 115,464 prescriptions filled in 1998.

The *Antidepressants* therapeutic category ranked third in drug allowable charges with 8.1 percent or \$8.3 million (\$48.22 average per prescription) of 1998 allowable charges. This is a 21 percent increase from the 1997 total of \$6.9 million (\$44.72

### 1998 SHP Insureds Average Prescriptions Filled By Age Group



average allowable charge per prescription).

*Antidepressants* total prescriptions increase by 12.1 percent to 172,907 from the 154,183 posted in 1997. The category ranked second in prescription frequency in 1998.

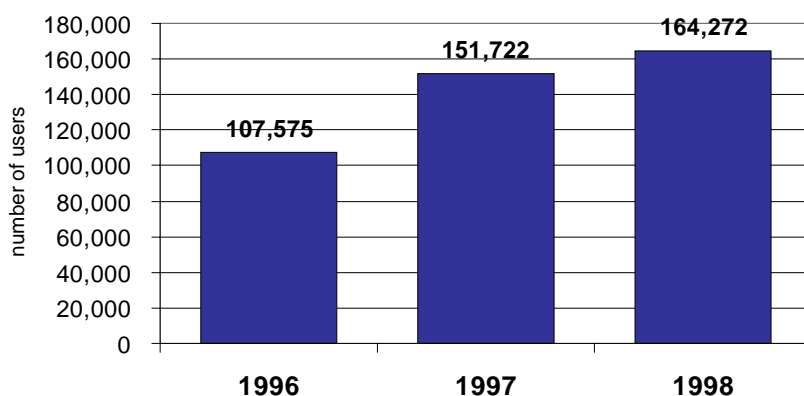
### Conclusion

The impact of prescription drugs on the bottom line of the State Health Plan and other health plans continues to grow annually. While total insured lives increased 5 percent in 1998, the number of insureds filling prescription drugs increased 8.3 percent from 1997

to 1998. A total of 164,272 insureds filled prescription drugs in 1998 compared to 151,722 in 1997.

While more insureds are filling prescriptions, more high-cost drugs continue to make their way to the market. The SHP's average allowable charge for each insured filling prescriptions in 1998 was \$630, up 9.9 percent from \$573 in 1997. Drug costs continue to demand the attention of plan administrators and benefits staffs across the nation as well as within the State Health Plan. ■

### SHP Prescription Drug Users: 1996 - 1998



## Inpatient Hospital Diagnoses for Active Employees

The State Health Plan's (SHP) active subscribers play a vital role in South Carolina through the services they provide to its citizens. The Office of Insurance Services (OIS) is concerned about the health of active subscribers and their dependents. Each year, OIS works to provide services to active insureds that have a positive impact on their health. Improving their health leads to fewer days missed from work for active employees, healthier families, and lower health care costs for everyone.

In this article, we analyzed data for active employees and their dependents only. Retiree, survivor, and COBRA insureds were excluded from this analysis. The purpose of the analysis is to examine why active employees and their dependents were hospitalized during 1999. Data in this analysis is based upon a "paid" basis rather than an "incurred" basis. As a result, the data is impacted by the timeliness of claims payments in each given year.

The State of South Carolina insured an average of 168,669 active subscribers in 1999. Of these, 82.8 percent (139,658 subscribers) were enrolled in the State Health Plan. The Plan paid a total of \$132.2 million (29.4 percent of plan payments) in inpatient hospital charges for active subscribers and their dependents in 1999. Overall, the average length of stay for these active SHP

insureds was 4.2 days while the average Plan payment per admission was \$7,021, a 4.6 percent increase from \$6,714 in 1998.

### Inpatient Admissions

Active insured inpatient hospitalizations were reviewed by major diagnostic categories (MDCs). From this analysis, MDCs were ranked to determine the leading diagnoses for inpatient hospital stays. In all, the five MDCs leading active inpatient admissions composed 56.6 percent of total active inpatient admissions in 1999.

Hospitalizations for MDC *Pregnancy, Childbirth & Puerperium* was the most cited for inpatient admissions in 1999 with 3,332 admissions and an average length of stay of 2.6 days in 1999. The second most cited MDC for inpatient hospital admissions was *Circulatory System Diseases & Disorders* with 2,368 admissions and an average length of stay of

4.7 days. *Digestive System Diseases* ranked as the third most cited reason for inpatient hospitalizations with 1,834 admissions and an average length of stay of 4.1 days.

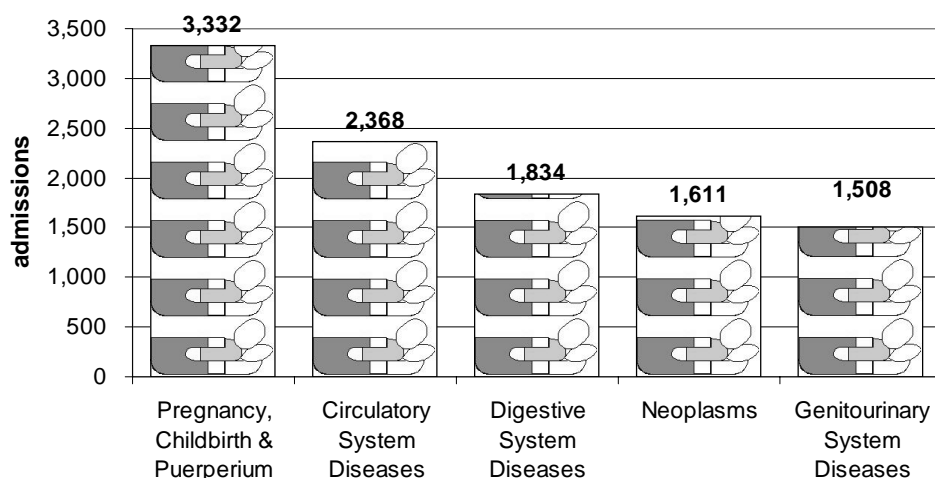
### Plan Payments

In terms of plan payments, *Circulatory System Diseases & Disorders* ranked first for active subscribers and their dependents with 21.7 percent of 1999 active inpatient hospitalization payments, or \$28.7 million. The MDC also ranked first in plan payments in 1998 with \$23.8 million. A total of 11,162 active inpatient hospital covered days were due to *Circulatory System Diseases & Disorders*.

*Neoplasms* ranked second in active inpatient plan payments with \$16.8 million in 1999, up 32 percent from \$12.8 million in 1998. A total of 8,315 active

**See HOSPITALIZATIONS on Pg. 5**

### 1999 Top 5 Active Inpatient Hospital Admissions by Major Diagnostic Category



## Hospitalizations

*Continued from Page 6*

inpatient hospital covered days was contributed to this MDC in 1999.

MDC *Digestive System Diseases* was third in active inpatient hospital plan payments in 1999 with \$13.5 million. In 1998, *Digestive System Diseases* inpatient plan payments totaled \$11.9 million. The MDC's number of covered days rose 10.3 percent in 1999 to 7,585 from 6,877 in 1998.

### Growth and Decline

*Symptoms, Sign & Ill-Defined Conditions* showed the largest percentage growth in active inpatient hospital admissions in 1999. Active inpatient admissions for *Symptoms, Sign & Ill-Defined Conditions* totaled 980 in 1998 before rising 26.8 percent to 1,243 in 1999. The MDC also saw growth in plan payments, up 40.6 percent to \$5.2 million and a 32.9 percent rise in covered days to 3,095 in 1999.

Two MDCs had declines in admissions in 1999. *Congenital Anomalies* admissions declined 22 percent from 109 to 85 in 1999. *Skin and Subcutaneous Tissue Diseases* admissions declined 3.2 percent to 182.

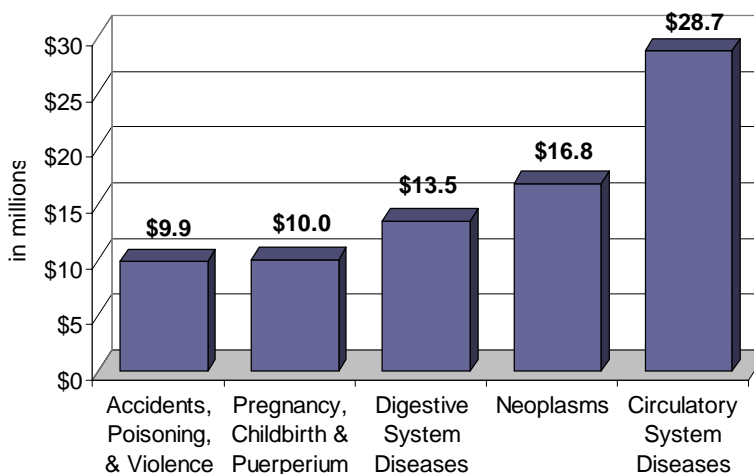
In terms of percentage growth in plan payments, *Symptoms, Sign & Ill-Defined Conditions* topped MDC growth with a 40.6 percent increase from \$3.7 million in 1998 to \$5.2 million in 1999. Longer hospital stays contributed to this growth as well as the MDC's increase in admissions. The average length of stay rose to 2.5 days from 2.4 days in 1998.

Three MDCs had declines in 1999 plan payments. *Perinatal Period Conditions* posted a 20.6

covered dependents.

Active employees, on average, had shorter hospital stays than

### 1999 Top 5 Active Inpatient Hospital Payments by Major Diagnostic Category



percent decline in plan payments in 1999. This decline was the result of the 48.4 percent decline in the average length of stay, which dropped to 8.4 days instead of 16.3 days.

### Employees vs. Dependents

On average, active employees composed 51.5 percent of active insured lives (139,658) in the State Health Plan in 1999 while the remaining 48.5 percent (131,277) were their dependents. During 1999, the SHP paid more for active employee inpatient hospitalizations than their dependents. A total of \$78.4 million (59.3 percent of active inpatient payments) was paid for active employee hospitalizations compared to \$53.8 million (40.7 percent) for the dependents of active employees. The average inpatient hospital payment for active employees was \$548.21 while it only totaled \$376 for their

their dependents. In 1999, the average length of stay for active employees was 3.9 days. Active dependents had an average length of stay of 4.8 days.

### Conclusion

Overall, the State Health Plan paid 16.3 percent more for inpatient hospital charges for actives in 1999 in comparison to 1998. The average plan payment per admission rose 4.6 percent from \$6,714 in 1998 to \$7,021 in 1999. As the number of admissions rose 11.3 percent to 18,824 in 1999, the number of covered days rose only 13.7 percent in 1999. While the SHP paid more in inpatient hospital costs for active employees than their dependents, maintaining and improving the health of both groups continues to be a goal of the Plan. Doing so is beneficial to both insureds and the SHP's bottom line. ▮

## Federal Act Impacts Mental Health Benefits

In 1996, Congress passed legislation requiring group health plans to treat mental health benefits equally with medical and surgical benefits. The Mental Health Parity Act of 1996 became effective on January 1, 1998. This legislation mandates that group health plans with an annual or lifetime maximum benefit for medical or surgical services include mental health payments in that limit or establish separate limits of equal or greater dollar amounts for them. Group health plans that do not apply annual or lifetime limits are prohibited from applying limits to mental health payments.

Prior to 1998, the State Health Plan (SHP) had an annual limit of \$7,500 per year for inpatient mental health care with a lifetime maximum of \$25,000. As a result of the legislation, the SHP's \$7,500 annual limit was eliminated and mental health payments now accumulate toward the \$1,000,000 overall plan lifetime limit.

In this article, mental health claims payments will be reviewed from 1996 to 1999 on a "paid" basis. The 1997 data represent the last year of data available prior to the effective date of the Mental Health Parity Act of 1996 while the 1998 data represents the first year of data available under the

Plan changes.

In order to review mental health benefits utilization, claims data was analyzed by MDC (Major Diagnostic Category). The MDC identifying mental health diagnoses is *Mental Diseases and Disorders*.

to insured deductible and coinsurance. *Mental Diseases and Disorders* allowable charges totaled \$14.5 million in 1998, a 17.7 percent increase from the \$12.3 million posted in 1997. Prior to 1998, *Mental Diseases and Disorders* allowable charges declined 0.7 percent from 1996 to 1997. In 1999, the MDC's allowable charges grew 19.5 percent to \$17.4 million.

Plan payments, the amount paid by the Plan after insured deductible and coinsurance, totaled \$7.1 million in 1996. They dropped 5.3 percent in 1997. Plan payments remained basically unchanged in 1998 at \$6.7 million.

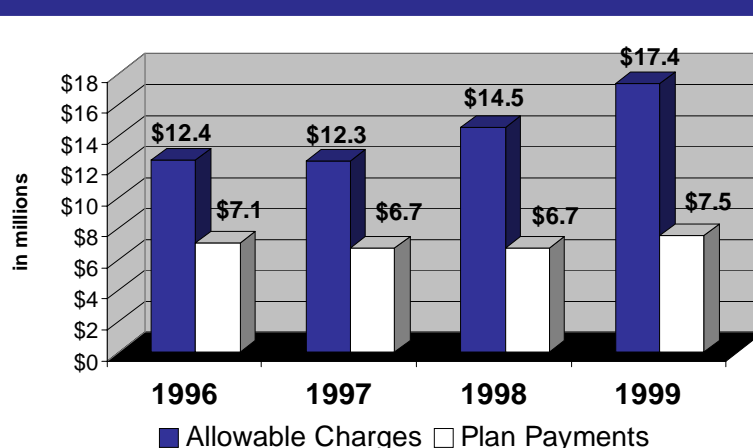
However, 1999 brought an 11.9 percent increase to \$7.5 million in plan payments for the MDC.

### Conclusion

The Mental Health Parity Act of 1996 has had some impact on the State Health Plan. *Mental Diseases and Disorders* allowable charges growth since the legislation's effective date has exceeded that of the two prior years.

While Plan payments remained relatively constant the first year of benefit changes, they began to grow in 1999 as the number of insureds with *Mental Diseases and Disorders* claims activity climbed 18.5 percent. T

**SHP Mental Diseases and Disorders Charges: 1996 - 1999**



### Insureds

The number of insureds identified in the MDC *Mental Diseases and Disorders* did not increase significantly from 1997 (the year prior to benefit changes) to 1998 (the first year of new benefit guidelines). In 1998, the 6.7 percent increase in insureds identified in the MDC *Mental Diseases and Disorders* was only a slight increase from the 6.1 percent growth in 1997. However, that growth rate rose substantially in 1999 with an 18.5 percent increase.

### Cost Growth

Allowable charges are the Plan's allowance for charges prior



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**Earned Income Tax Credit:** Dec 90

**Emergency Room Usage:** Win 96

**Enrollment, Geographic Distribution:** May 90

**Enrollment Map:** Feb 92, Feb 93, Feb 94, Feb 95, Feb 96, Spr 97, Spr 98

**Enrollment, Medical Plan:** Mar 90, Feb 91, Feb 92, Feb 93, Feb 94, Feb 95, Feb 96, Spr 97, Spr 98

**Focus Group Interview Results:** Oct 92

**Frequency Distribution:** Fall 96, Fall 98

**Health Care Reform:** Dec 91, Feb 92, Dec 92, Feb 93, Jun 93, Nov 93, Feb 94, Nov 94

**HMO Enrollment History:** Feb 91, Apr 93

**Hospital-Based Physicians:** Apr 93

**Inpatient Hospital Analysis:** Oct 90, Jun 92, Oct 92, Apr 93, Win 99

**Insurance Reserve Fund:** Dec 90, Apr 91, Oct 91, Jun 92

**Life/Disability Participation:** Fall 98

**Long Term Care Insurance Programs:** Aug 93, May 96

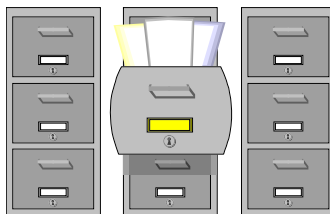
**Long Term Care Disability:** Win 97

**Mammography Program Growth:** Nov 93

**Maternity Analysis:** Dec 90, Jun 91

**Maternity Management Program:** Oct 91, Nov 94, Fall 96

**Medical Claims Administration**



**Review:** May 94

**Medical Claims Experience:** Mar 90, May 90, Jul 90, Dec 90, Feb 91, Jun 91, Aug 91, Dec 91, Feb 92, Aug 92, Feb 93, Aug 93, Nov 93, Feb 94, Aug 94, Feb 95, Feb 96, Spr 97, Spr 98

**Medical Claims Frequency Utilization:** Nov 93

**Medical Claims History/Budget Comparison:** Mar 90

**Medical Consumer Price Index:** Mar 90, Apr 91, Dec 91, Jun 92, Apr 93

**Medical Plan Changes:** Jul 90

**Medical Reserve History:** May 90

**Medical Trend Components:** Dec 91, Aug 93

**Medical Utilization & Price:** May 90

**Mental Health:** Win 99

**Neighboring States' Medical Plans:** Jun 91

**Neoplasm Rates:** Win 96

**Network Provider Utilization:**

Aug 93

**New Groups Eligible for/Enrolled in SHP:** Aug 92, Nov 94

**Optional Life Insurance Programs:** Aug 93, Fall 96, Sum 97

**Physician Network Enrollment:** Nov 94

**Prescription Drugs:** Mar 90, Oct 90, Apr 91, Jun 91, Dec 92, Feb 96, Win 96, Win 97, Win 98, Win 99

**Prescription Drugs Administration Review:** May 96

**Retiree Plan Options:** Oct 90

**SHP 20th Anniversary:** Jun 92

**SHP 25th Anniversary Issue:** Fall 97

**SHP Demographic Changes:** Oct 91, Feb 95

**SHP Hospital Network:** Aug 91, Jun 92, Oct 92, May 94

**SHP Provider Network:** May 95, Nov 95, May 96, Sum 97, Sum 98

**SHP Outpatient Payment Reform:** Nov 93

**SHP Physician Network:** Aug 92, Oct 92, May 94

**SHP Prescription Drug Network:** Aug 94, Nov 94

**SHP Preventive Worksites Screenings:** Fall 98

**SHP Rates:** Aug 92, Aug 94, Aug 95, Fall 96

**SHP Share of S.C. Hospital Market:** Feb 94

**SHP Transplant Network:** May 94, Nov 94

**Supplemental Long Term Disability:** Aug 95, Feb 96, Fall 98

**Surveys:** Jul 90, Apr 92, Spr 97, Spr 98

**TRENDS Index (Cumulative):** Nov 94, Win 96, Win 97, Win 98, Win 99

**Well Child Care Benefit:** Aug 95, Win 98

**Women's Health Program:** Sum 98



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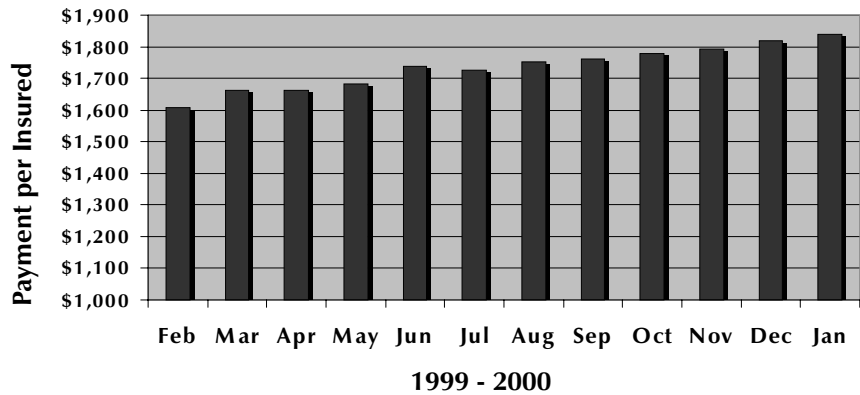
Rob Tester

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## Past Trends

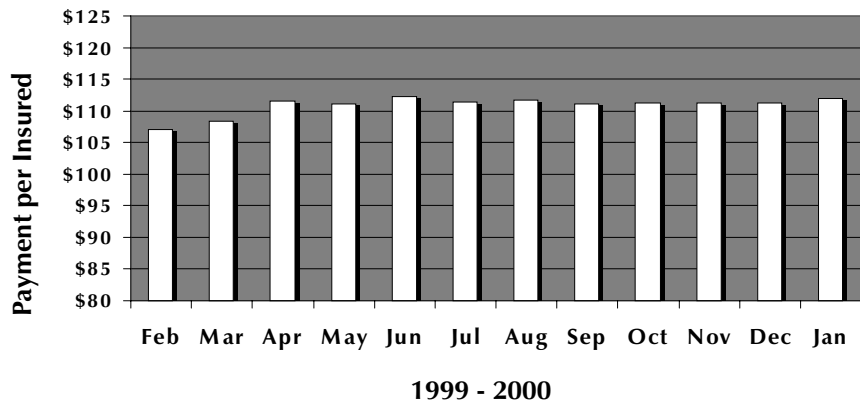
### Medical Payments in Prior Year Ending in Month Listed

*For example, the January total equals payments made February 1999 - January 2000.*



### Dental Payments in Prior Year Ending in Month Listed

*For example, the January total equals payments made February 1999 - January 2000.*



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